

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7313

BILL NUMBER: HB 1627

NOTE PREPARED: Apr 3, 2009

BILL AMENDED: Apr 2, 2009

SUBJECT: Insurance Matters.

FIRST AUTHOR: Rep. Fry

FIRST SPONSOR: Sen. Paul

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: GENERAL
 X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill makes various changes to the law concerning: (1) public purchasing with respect to retaining an insurance examiner; (2) disclosures of insurer information; (3) insurer annual audited financial reporting; (4) foreign and alien insurers; (5) records of insurer securities holdings; (6) insurance producer licensing and continuing education; (7) certain insurance holding company transactions; (8) insurance administrator licensing; (9) an unauthorized insurers exception in relation to an industrial insured; (10) consistency in compliance with laws by various types of insurers and health maintenance organizations.; and (11) small employer group insurance requirements.

The bill makes conforming amendments.

It repeals (1) definitions of unused terms, requirements for independent auditors, and reports of insurer internal control deficiencies for purposes of the annual audited financial reporting law; (2) a provision concerning notice of claim recoding by insurance administrators; (3) an obsolete cross reference for purposes of the small employer group insurance law; and (4) the small employer insurer voluntary reinsurance program.

Effective Date: July 1, 2009.

Explanation of State Expenditures: The Department of Insurance (DOI) will require no staffing changes as a result of the bill. State expenditures for the DOI should remain constant.

Explanation of State Revenues: The bill increases the fee from \$50 to \$100 for an annual license for a third-party insurance administrator. This increase will generate around \$14,000 annually. The bill also

increases the rate that applies to independently procured insurance by about 1.2%. This provision will result in a minimal increase in revenue. License fee revenue is deposited in the Department of Insurance Fund, which is used to finance the operations of the Department of Insurance.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected:

Information Sources: Carol Cutter, Deputy Commissioner, and Cindy Donovan, Deputy Commissioner of Financial Services Operations, DOI, 232-2408.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.